

**CALENDAR ITEM
C25**

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08/19/03
PRC 6827.1
D. Jones

APPROVAL OF ADDENDUM NO. 16 TO MASTER LEASE NO. PRC 6827.1

LESSEE:

Pacific Gas and Electric Company
P. O. Box 770000 Mail Code N10A
San Francisco, California 94177

BACKGROUND:

At its April 25, 1985, meeting, the California State Lands Commission approved the issuance of Master Lease PRC 6827.1 (Minute Item No. 4) to Pacific Gas and Electric Company (PG&E) for various electric transmission facilities, 60kV (kilo Volt) and greater, throughout California.

The master lease provides that the lease may be amended by a series of addenda for the purpose of adding to and deleting from the lease the parcels of State land necessary for the purpose covered under the lease. All other terms and conditions of the lease shall remain in effect without amendment.

CURRENT SITUATION:

PG&E is constructing the Northeast San Jose Transmission Reinforcement Project to meet the projected electric demand in the cities of Fremont, Milpitas, San Jose, and Santa Clara. As part of that project, a new 7.3 mile-long double-circuit 230kV transmission line was constructed from the existing 230kV Newark Substation, in the city of Fremont, to the proposed Los Esteros Substation, in the unincorporated area of Santa Clara County. This new transmission line is located over the beds of Coyote and Scott Creeks, which are located west of Highway 880 in the city of Fremont, Alameda County, but the power poles are located on the upland. The project will not affect public use of the creeks, nor will the new poles block any existing public access or use.

LEASE TERM:

30 years years, beginning May 1, 1985.

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CONSIDERATION:

\$70,424.00 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. Under the United States Bankruptcy Court Case No. 01-30923 DM filed July 21, 2001, the Court approved the Notice of Entry of Order Regarding Motion for Authorization to Settle Post Petition Third Party Claims in the Ordinary Course of business which authorizes Pacific Gas and Electric Company to continue their operations.
3. The California Public Utilities Commission (CPUC) approved a Certificate of Public Convenience and Necessity for this project on December 11, 2001.
4. An EIR was prepared and certified for this project by the CPUC. The California State Lands Commission staff has reviewed such document and the Mitigation Monitoring Program adopted by the lead agency.
5. Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are on file in the Sacramento Office of the Commission and by reference made a part hereof.
6. A Statement of Overriding Considerations made in conformance with the State CEQA is on file in the Sacramento Office of the Commission and by reference made a part hereof.

The CPUC found that the following impacts of the proposed project cannot be avoided or eliminated:

- a) Bird collision with 230 kV transmission line.
- b) Degradation of recreational experience along regional and subregional trails.
- c) Degradation of visual quality from installation of 230kV towers and lines in open space/bay margin areas.

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- d) Inconsistency with the San Francisco Bay Conservation and Development Commission Bay Plan policies regarding scenic views and appearance/design.
 - e) Loss of Prime Farmland (agricultural soils) at the proposed Los Esteros substation site.
7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

U. S. Army Corps of Engineers, California Public Utilities Commission

EXHIBITS:

- A. Lease Descriptions
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

October 8, 2003

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT AN EIR WAS PREPARED AND CERTIFIED FOR THIS PROJECT BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE FINDINGS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTIONS 15091 AND 15096 (h), AS ARE ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED IN SECTION C.4 OF THE FINAL EIR, ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

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ADOPT THE STATEMENT OF OVERRIDING CONSIDERATIONS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15093, AS IS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 6827.1, A GENERAL LEASE - RIGHT OF WAY USE, TO ADD LANDS DESCRIBED ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE JUNE 1, 2003, TO CONSTRUCT A 230KV DOUBLE CIRCUIT ELECTRICAL TRANSMISSION LINE; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.